



**MEETING OF THE INVESTMENT COMMITTEE OF THE RETIREMENT BOARD  
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND  
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT  
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY  
33 N Dearborn St, Suite 1000  
Chicago, Illinois 60602**

**Minutes for the February 21, 2017 Meeting**

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Fund are herein collectively referred to as the "Fund."

Call to Order and Roll Call at 9:30 a.m.

**Investment Committee**

**in attendance:**

Mr. Lawrence L. Wilson, CPA (Chair), Mr. Robert DeGraff, Mr. John Fitzgerald (via conference call), Ms. Diahann Goode, Mr. Andrew Jatico, Mr. Patrick McFadden and Mr. Dennis White

**Staff Present:**

N. Hackett, M. Maratea, F. Vinzons, and V. Calahong

**Others Present:**

B. Abesamis, J. Jackson, M. Joecken – Callan; B. Ralph – First Eagle

1. Approval of January 26, 2017 Investment Committee Meeting Minutes;

***Motion for Approval and Adoption of Minutes.*** It was moved by Trustee Goode and seconded by Trustee Jatico that the minutes of the January 26, 2017 Investment Committee meeting be approved and adopted.

**Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

2. Administrative Report;

a) ILPEFF Investment Update

- Mr. Vinzons provided an update on the Fund's \$5 million investment with Muller & Monroe's ILPEFF fund (inception date of 2004). Muller & Monroe reviewed options for the fund, including requesting a one year extension and decided that a sale of remaining interests to a secondary buyer would be the fund's best option as it neared the end of its term. Through the services of a third party firm, initial valuations were conducted, bids were solicited, and a final offer was agreed upon. The sale closed on December 31, 2016. Mr. Vinzons noted that the fund's return on its \$5 million investment was 0.88X TVPI (Total Value to Paid In Capital).

3. Presentation of February 21, 2017 EMIC Meeting Recommendations;

Ms. Hackett reviewed the matters discussed and motions approved at the February 21, 2017 EMIC Meeting. Specifically, Progress requested the Fund reconsider the original guidelines regarding initial allocations and assets under management in order to widen the consideration set of emerging investment managers given the rapidly changing landscape.

***Motion to Revise the Fund's Emerging Manager of Managers Guidelines.*** It was moved by Trustee Jatco and seconded by Trustee White to recommend to the Board to revise the Investment Manager of Emerging Manager guidelines with regard to allocation and AUM as follows:

- a) Remove the allocation restriction of \$10-\$15 million per manager
- b) Revise the guidelines to allow minority, women and disabled-owned firms with assets between \$10 million and \$10 billion to be considered for the fund's manager of emerging manager program.

**Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

Additionally, the EMIC took action on the non-cooperation of Loomis Sayles to comply with the Fund's MWBE brokerage utilization policy despite originally attesting to their ability to comply. Callan notes that Loomis Sayles's performance has been at benchmark levels over the life of its mandate with the Fund.

***Motion to Terminate the Fund's Mandate with Loomis Sayles.*** It was moved by Trustee Goode and seconded by Trustee Jatco to recommend to the Board to terminate the Loomis Sayles Core Plus mandate and to reallocate the proceeds as outlined in an upcoming Fixed Income asset class review by Callan Associates.

**Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

4. Cook County Performance Review;

Mr. Joecken provided general market commentary and reviewed the fourth quarter 2016 performance for the Cook County Fund as prepared and presented by Callan Associates. The Cook County Fund had a market value of \$8.89 billion and outperformed its custom benchmark 1.13% (vs. 0.21% benchmark) during the fourth quarter. Absolute performance was driven by the portfolio's domestic equity strategy while relative outperformance was primarily driven by domestic equity in the fourth quarter. The Cook County Fund outperformed its custom benchmark for the one year period 8.04% (vs 6.77%) and the five-year period 8.34% (vs. 7.62%). The Cook County Fund increased in value during the fourth quarter as investment returns of \$99.1 million offset net outflows of approximately \$63 million. As of December 31, 2016 assets were underweight in fixed income and hedge funds and slightly overweight positions in the remaining asset classes. Moreover, Mr. Jackson noted that during the quarter, the portfolio continued its progress towards its target allocation to private equity, funding an additional \$27.9 million to the asset class.

5. Forest Preserve Performance Review;

Mr. Joecken provided general market commentary and reviewed the fourth quarter 2016 performance for the Forest Preserve Fund as prepared and presented by Callan. The Forest Preserve Fund had a market value of \$188.2 million and underperformed its custom benchmark by returning 0.32% (vs. 0.68% benchmark) during the fourth quarter. Absolute performance was driven by domestic equity while some relative performance was generated from domestic equity and hedge funds in the fourth quarter. Performance for the one year period underperformed the benchmark at 5.80% (vs. 7.65%) but continues to exceed for the five-year period at 9.14% (vs. 7.83%). The Forest Preserve Fund decreased in value during the fourth quarter as investments returns of approximately \$0.5 million offset net withdrawals of \$4.6 million. As of December 31, 2016 the portfolio was slightly underweight fixed income and overweight in domestic and international equity (but all within the +/-4% revised target range as approved effective July 1, 2016).

6. Rebalancing Recommendations and Guideline Modifications;

Mr. Jackson reviewed the status of rebalancing events commencing in 2017, noting that active liquidation, market impact and other factors has caused the Cook County Fund to deviate from original target allocations as approved in 2011. These recent dynamics, balanced against the need to maintain an equity orientation, continue to support a very similar target allocation but with slight adjustments so as to stay in line with policy. Finally, Mr. Jackson outlined a plan to eliminate temporary accounts which were originally set up for transition purposes. The net effect of closing these temporary accounts is to reduce a current small cap bias.

***Motion to Adopt Revised Target Allocations and Ranges for the Cook County Fund:*** It was moved by Trustee McFadden and seconded by Trustee Jatco that the Investment Committee recommend to the Board to adopt the following revised target allocations and ranges for the Cook County Fund as policy effective March 2, 2017.

	<b>Revised Target Allocations</b>	<b>New Target Ranges</b>
Domestic Equity	33%	+/- 4%
International Equity	21%	+/- 4%
Fixed Income	26%	+/- 4%
Real Estate	8%	+/- 4%
Hedge Funds	6%	+4%/- 6%
Private Equity	6%	+/- 4%
Cash	0%	+ 4%

Ms. Hackett then discussed the needs of the Forest Preserve Fund given it has no current additional funding mechanism. While Forest Preserve Fund administration is reviewing options, no details have yet been provided. In the meantime, Ms. Hackett advised it would be prudent to begin to position the Fund's allocation toward a more liquid stance in light of increasing benefit payments.

***Motion to Revise the Forest Preserve Fund's Hedge Fund and Real Estate Allocation Target Ranges:*** It was moved by Trustee McFadden and seconded by Trustee Goode that the

Forest Preserve Fund revise its hedge fund and real estate target ranges per below as policy effective March 2, 2017.

	<b>Target Allocation</b>	<b>Target Range</b>	<b>Revised Target Range</b>
Hedge Funds	10%	+/-4%	+0%/- 10%
Real Estate	9%	+/-4%	+0%/- 9%

7. Transition Management Discussion;

Mr. Abesamis reviewed the Fund’s transition management program and current pool of transition managers as per the request of Fund Investment Staff. Callan found that the Fund’s current practice of maintaining a pool of transition managers is consistent with industry best practices. However, updated regulatory requirements and an even more competitive industry necessitate a reexamination of the Fund’s entire pool, including the possibility of adding qualified emerging managers. Callan therefore recommended an RFP be issued for transition managers to update the Fund’s current pool and to deliver a standard investment management agreement across transition services providers.

***Motion to Issue an RFP for Transition Management Services.*** It was moved by Trustee McFadden and seconded by Trustee Goode that a competitive request for proposals with respect to Transition Management Services be conducted in accordance with the Fund’s procurement policy and that Fund Staff be authorized to take all necessary action to effect the foregoing, including, legal review of any necessary search related forms.

**Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

8. Adjournment.

It was moved by Trustee Jatco and seconded by Trustee McFadden that the meeting be adjourned.

**Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**